

THE COMMONWEALTH OF MASSACHUSETTS State Board of Retirement

ONE ASHBURTON PLACE, BOSTON, MA 02108-1607

N E W S L E T T E R



Timothy P. Cahill

Welcome to the 3rd edition of the Active Employee Newsletter

This edition of our newsletter contains helpful information regarding the retirement system, including an update from the Pension Reserves Investment Management (PRIM) Board, beneficiary information, and SMART Plan tips.

It is my pleasure to congratulate Theresa McGoldrick on her re-election to the State Board of Retirement. By virtue of her position, Theresa also represents all state employees and retirees—you and me—on the PRIM board, voting on matters relating to your pension investments. Please contact her or a member of the State Board of Retirement staff if you have any questions. As always, Retirement Board Staff is available by phone at 617-367-7770 or 800-392-6014 (Massachusetts only) or in person at our Boston office, One Ashburton Place, Room 1219.

Should you have any comments or suggestions for future newsletters, please do not hesitate to contact the State Board of Retirement.

Thank you for your service to the Commonwealth, and best wishes for a happy, healthy summer.

Timothy P. Cahill
Treasurer and Receiver General
The Commonwealth of Massachusetts



STATE BOARD OF RETIREMENT

MEMBERS OF THE BOARD

Chairman

Treasurer Timothy P. Cahill

Elected Member

Ralph White

Elected Member

Theresa McGoldrick, Esq.

Appointed Member

Peter Koutoujian, Sr.

Chosen Member

Chris S. Condon

Executive Director

Nicola Favorito, Esq.

ADDRESS

One Ashburton Place, Room 1219
Boston, MA 02108-1607

OFFICE HOURS

7:45 a.m.–5:00 p.m. M–F

PHONE

(617) 367-7770 or

Toll Free: 1-800-392-6014
(Mass. only)

Automated Phone Options

Retirement Counselor . . . 1
Disability 2
Survivor Benefits 5
Buyback 6
Withdrawal/Refund 7
Direct Deposit 8

FAX

(617) 723-1438

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WEB SITE

www.mass.gov/treasury

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SERS Members Re-Elect Theresa M. McGoldrick

Ms. Theresa McGoldrick was recently re-elected to the State Board of Retirement for her second term. More than 21,000 members of the State Employees' Retirement System (SERS) cast ballots for the eight candidates. Ms. McGoldrick of Watertown is an attorney for the Department of Revenue Child Support Enforcement Division and the SEUI/NAGE Unit 6 President and National Vice President. By virtue of her position as an elected member, Ms. McGoldrick will represent the State Retirement Board on the Pension Reserves Investment Management

(PRIM) Board. The PRIM Board oversees the management of the Pension Reserves Investment Trust Fund (see page 3).

"I am honored to be re-elected as a member of the State Retirement Board and I thank all of the Members that took the time to vote in this election. I am excited to continue my work advocating for the Members of the State Retirement System and seeking to protect our pension benefits," she said.

Ms. McGoldrick's three-year term will begin in May, 2006. ■

Board Election Results

Theresa M. McGoldrick ..	15,688
Brian White	1,537
David McKenna	1,192
Martin Doto.....	695
John Robert Cline	684
Frank Barros	664
Jean Small	571
Nandasena Ramanayake.....	451

Your vote counts! Your participation helps ensure a fiscally sound retirement system for the future. ■

What's New

Deferral of Sick, Vacation, and Back Pay into the Commonwealth of Massachusetts Deferred Compensation SMART Plan

Retiring employees are now able to defer accumulated sick pay (in accordance with M.G.L. c.29), vacation pay and back pay into their SMART Plan account. In addition, employees who separate from service may elect to defer accumulated vacation pay and/or back pay. Only a person who is retiring can defer accumulated sick pay. The amounts may be deferred for any calendar month only if:

1. The amount would have been available for use or would have been paid to the employee if employment had not terminated,
2. The amount is paid within two and a half (2 1/2) months following Separation from Service, and
3. An agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available.

**For more information, please contact your local representative
or call the SMART Plan Customer Service Center at (877) 457-1900.**

Customer Service Associates are available
Monday–Friday, 8:00 a.m.–10:00 p.m.
and Saturday 8:00 a.m.–4:00 p.m. (Eastern Time).

PRIM Board Update: March 2006

The Pension Reserves Investment Trust (PRIT) Fund is a pooled investment fund established to invest the assets of the Massachusetts State Teachers' and Employees' Retirement Systems, and the assets of county, authority, district, and municipal retirement systems that choose to invest in the Fund. The PRIT Fund was created by the Legislature in December 1983. The nine-member PRIM Board is responsible for the management of the PRIT Fund. The Treasurer and Receiver General of the Commonwealth is a member ex officio and serves as the chair. The State Employees' Retirement System also has two representatives on the Board: the members of that Retirement System elect one and one is an Elected Member of the State Employees' Retirement Board.

Market Recap – March 2006

DOMESTIC EQUITY MARKETS:

Index	Month	4th QTR
S&P 500 (ex-tob.)	1.25%	4.30%
DOW	0.79%	3.98%
NASDAQ	2.56%	6.10%
Wilshire 5000	1.84%	5.44%
Russell 2500	3.89%	11.14%

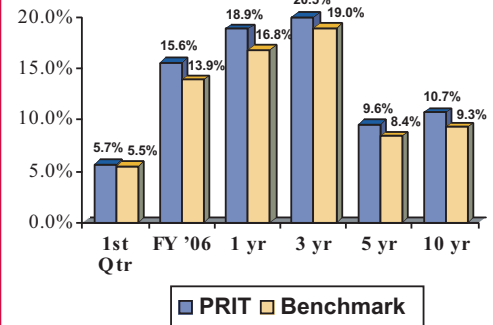
INTERNATIONAL & EMERGING MARKETS EQUITIES:

Index	Month	4th QTR
MSCI EAFE	3.30%	9.40%
MSCI EMF (net)	0.88%	12.02%

FIXED INCOME & HIGH YIELD MARKETS:

Index	Month	4th QTR
LB Aggregate	-0.95%	-0.65%
ML HY Master II	0.63%	2.87%
TIPS	-2.19%	-2.25%

PRIT Core Fund as of 03/31/06



The PRIT Core Fund ended March 2006 with \$42.3 billion, up \$2.1 billion from the beginning of the year, net of redemptions. For trailing year, the PRIT Core Fund returned 18.86%; exceeding the policy benchmark return of 16.83% by 203 basis points. The PRIT Core Fund returned 2.28% for March and 5.66% for the 1st quarter.

For more information about PRIM Board, please visit their website at www.mapension.com ■

What Your Beneficiary Needs to Know...

If you die, would your beneficiary know what to do or whom to contact regarding your SBR retirement? Is your beneficiary aware that you designated him or her? Or, perhaps you have named someone other than your beneficiary to handle your affairs. In the event of your death, your beneficiary or other designated person should follow these simple steps:

- Telephone the Survivor Benefits Section here at the SBR (see *PHONE information on page 1*)
- Telephone your employer's personnel office.
- Be prepared to provide a copy of your death certificate to the Division.

The Survivor Benefits Section will respond to the notification of your death with all the information your beneficiary will need to proceed. ■



Group Insurance Commission Annual Enrollment

Annual Enrollment for FY07 begins April 19, 2006 and ends May 17, 2006. This gives you an opportunity to review your benefit selections and to make changes if you desire. This also gives you a chance to think about what you and your family need in the way of health care and other benefits. All changes will be effective July 1, 2006. If you have any questions, please contact your Human Resource Department. ■

Reminder

In January, the GIC (Group Insurance Commission) sent you out an overview of your benefits to help you keep your records up-to-date. If any of the information was incorrect regarding your SRB beneficiary selection, please fill out and return the enclosed blue and white envelope you received with your packet.

Frequently Asked Questions

What is a buy back?

Members of the State Retirement System are allowed to purchase creditable service in instances where they took their money out of the Retirement System upon leaving State, City, Town or County service. In some cases, members are also able to make contributions to the Retirement System for periods of time that they were working for the State, City, Town or County and were not contributing to retirement. In order to determine if you are eligible to buy back service, you must send a letter to the Buy Back Department outlining the periods of time that you wish to purchase.

How are buy backs calculated and how can I pay for a buy back?

The cost to buy back refunded service includes the amount of money that the individual took out of the Retirement System plus compounded interest at the rate of 4.125%. For periods of time when an individual did not contribute to a Retirement System, the amount due to purchase this service is the amount that would have been withheld had the person been a member plus compounded interest at the rate of 4.125%.

Buy backs can be paid in a lump sum, a transfer from a qualified section 403(b) or a section 457 plan or through payroll deductions of up to 5 years.

Can I buyback service after retirement?

No. All buy backs must be completed before retirement.

Member Annual Statements

The 2005 SERS Member Annual Statements (MAS) have been mailed to all active members. Your statement is a vitally useful tool we provide to assist you in planning your retirement.

Because the statements are sent to the mailing address that is reported to us on each month's payroll from your employer, it is very important that you keep that address up-to-date. ***If your address has changed, please notify your personnel office immediately.***

If you have any questions about your MAS, or if you believe any of the information is incorrect, please contact the State Board of Retirement (see *PHONE* information on page 1).

It's A Boy!

Special Congratulations!

A special congratulations goes out to Jim Condon, an Administrative Accountant at the Retirement Board and his wife, Marie. They welcomed their first child, Seamus Matthew Condon, a 9 lb. 4 oz. healthy baby boy on Saturday, February 25th at 5:45 p.m. ■

Important Dates to Remember

May 2006

Monday, May 29 | Memorial Day

July 2006

Tuesday, July 4 | Independence Day

Reminder:

Please Notify your Human Resources Coordinator of any Change of Address